



State of California

Training Proposal for:
Penske Truck Leasing Company, LP
Agreement Number: ET12-0236

Panel Meeting of: **December 16, 2011**

ETP Regional Office: **San Francisco Bay Area**

Analyst: D. Woodside

PROJECT PROFILE

Contract Type: SET Frontline - Retrainee Industry Sector(s): Transportation/Services

Counties Served: Statewide

Repeat Contractor: ☒ Yes No ☐

Union(s): ☒ Yes ☐ No

Priority Industry: ☐ Yes ☒ No

Teamsters Local Union No. 495 and
Machinists District Lodge 190

No. Employees in CA: 1,004

No. Employees Worldwide: 19,000

Turnover Rate %	Manager/ Supervisor %
5%	0%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding	In-Kind Contribution
\$396,000	\$59,400	\$336,600	\$ 844,800

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	SET Frontline Retrainee	Business Skills, Commercial Skills	660	24-200	0-100	\$510	\$26.17
				Weighted Avg: 40			
2012 Minimum Wage by County: \$26.17 per hour statewide (SET Frontline Workers)							
Health Benefits: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This is employer share of cost for healthcare premiums – medical, dental, vision.							
Used to meet the Post-Retention Wage?: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
Up to \$6.35 per hour may be used to meet the Post-Retention Wage.							

Wage Range by Occupation	
Occupation Title	Wage Range
Technician	
Customer Service Representative	
Parts Clerk	

INTRODUCTION

In this proposal, Penske Truck Leasing Company, LP (Penske) seeks funding for retraining its frontline workers employed at over 51 locations throughout California. This project utilizes Special Employment Training (SET) funds.

Penske, formed in 1969, is a nationwide transportation company providing three lines of service: rental, leasing, and maintenance. As it relates to rental, trucks are provided to commercial and private customers for local or long distance moves. The leasing service focuses on long term solutions for local businesses and corporate customers. The maintenance department provides preventative maintenance and repairs for Penske trucks leased to customers or customer-owned trucks. Examples of customers in California include E & J Gallo Wine, Core-Mark International, Central Garden & Pet Company, Bi-Rite Foodservice, Netflix, Express Messenger Systems, McClatchy Newspapers, CVS Drug Stores, Vistar Corporation, Odwalla, Southern Wine and Spirits, and the City of San Jose.

This will be Penske's second Agreement with the Panel. The previous project provided updated Commercial Skills training in new equipment using the latest technology available at that time. This training also began the initial technical training to serve customers, such as the City of San Jose, which moved its bus fleet from diesel fuel to compressed natural gas (CNG). The first project was approved in July 2008, just prior to a significant economic downturn. As a result of a subsequent slowdown in demand, the company focus became the replacement of customers who had gone bankrupt or had to reduce their fleets. As a result, Penske was unable to provide the Business Skills training originally planned as it struggled to survive the industry downturn. Now that the company is entering a period of stabilization, training has become a necessity in

order to take advantage of the growth in vehicle maintenance of electric, CNG, and LNG vehicles.

PROJECT DETAILS

Each trainee will receive individualized classroom/laboratory and CBT training ranging from 24-200 hours in either Commercial or Business skills as described below. Trainees will include technicians, customer service representatives, and parts clerks who work in locations statewide.

Commercial Skills training will be offered to Technicians. This training enables Penske to make the most of expanded business opportunities in clean fuel vehicles including state-of-the-art electric trucks which are becoming more popular with California customers. The company reports that it has just been awarded a contract to provide commercial truck fleet services to the all-electric truck to be used by Staples in Los Angeles. As a result of ETP-funded training, technicians will learn to adapt to any type of engine, standard, or part by learning all aspects of preventive maintenance and the use of the latest technologies. Training will also cover the newly-launched Nexiq diagnostic computer software which utilizes wireless computer technology to aid in troubleshooting and streamlining of processes. According to company representatives, Penske has made a substantial financial investment to support the initiative to serve more customers with clean fuel powered vehicles. Penske must update its repair garages and facilities to meet state requirements at costs ranging from \$100,000 to \$300,000 per facility.

Business Skills training will focus on customer service and business performance skills for all occupations. This training is intended to take front line technicians beyond the day-to-day activities of shop management. It is also designed to hone the business skills needed as Penske increases the number of locations and new customers in California. Modules have been developed to improve skills in building relationships with customers, solving problems effectively, communicating to achieve agreement, understanding the customer, explaining your views, handling barriers, and investigating solutions. Penske is committed to exceeding customer satisfaction, which has made us a leader in the leasing, rental, and logistics markets. Communication Skills training in negotiating, business writing, and presentation skills will enable customer service representatives to generate new business opportunities and improve customer relationships. Penske will provide advanced levels of productivity and process improvement training, including Six Sigma, to implement higher quality standards throughout its inventory, parts, and service operations.

New customers, business acquisitions, and hiring of new employees has generated a need to standardize practices, procedures, and technical advances that have been taught in a limited and unstructured format. Penske representatives report that Panel funds will allow the company to provide formal class/lab training throughout the state to improve the business and commercial skills of frontline workers, develop leaders from among their ranks, and create more job security for employees who are retrained. Further, Penske reports that much of its training is industry-certified and thus is portable for workers throughout the vehicle service and repair industry.

Union Support

Of the 660 trainees estimated to be retrained, approximately 90% will be covered by collective bargaining agreements either with the Teamsters Automotive, Industrial and Allied Workers Local Union No. 495 or the Machinists Automotive Trades District Lodge 190. Both unions have provided letters in support of this proposal.

Special Employment Training (SET)

Under SET, the company is not required to demonstrate out-of-state competition, and trainees must be earning at least the statewide average hourly wage at the end of the retention period. (Unemployment Insurance Code 10214.5. (Title 22, California Code of Regulations, Section 4409(a).) This proposal has been identified for SET funds because individual Penske locations in California may not meet out-of-state competition. Although, some of the company's locations are in a HUA and would qualify for a wage modification, none is requested.

Commitment to Training

According to Penske representatives, ETP funding will not displace company resources already committed to employee training. The major focus of this training proposal is to provide a customized curriculum that builds on, but does not overlap, basic technical instruction already provided by the company. In addition, Penske provides new-hire orientation, on-the-job training, anti-harassment, workplace ethics, and professional development programs. The company reports that its current annual training budget is approximately \$750,000. This training will continue at the company's expense. After the ETP Agreement has ended, Penske will maintain its investment in worker retraining and continue its efforts to develop and improve the proposed training. Additionally, Penske represents that safety training is and will continue to be provided in accordance with all pertinent requirements under state and federal law.

Substantial Contribution

Staff imposed a 15% substantial contribution since there was one ETP-funded project at Penske in the previous five-year period which earned in excess of \$250,000.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Penske under a previous ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET09-0192	Statewide	08/04/08-08/03/10	\$490,050	\$361,565 (74%)

DEVELOPMENT SERVICES

Penske staff developed its own company's application.

ADMINISTRATIVE SERVICES

Penske will conduct its own administration.

TRAINING VENDORS

Training will primarily be conducted by in-house trainers.

Exhibit B: Menu Curriculum**Class/Lab Hours**

24-200

Trainees may receive any of the following:

COMMERCIAL SKILLS

Skills to increase mechanic ability

- Refrigeration Skills (608 Certification/609 Certification)
- Preventive Maintenance
- Suspensions & Axles
- Thermo King
- Penske Consumer Rental De-Identification Video
- Preventive Maintenance Procedures
- Rebuild Procedures for Fontaine No-Slack II Fifth Wheels
- ServiceNet Training
- Smoke Inspection Training
- Nexiq Diagnostic Computer Training
- Fuel Island Training POS
- Rental Check In Training
- Fork Lift Training

Service, Maintenance and Troubleshooting Skills to keep mechanics up to date on latest technology:

- Allison
- Arvin Meritor
- Bendi
- Cummins
- Caterpillar
- Delco Remy
- Detroit Diesel
- Eaton, Fontaine
- GMC
- Goodyear
- Hino
- Horton
- International
- Maxon
- Thermo King
- Carrier Transicold
- Freightliner USA
- Freightliner Canada
- Mack
- Maxon
- Bridgestone/Firestone
- Volvo

BUSINESS SKILLS

- Customer Service
- Valuing Customers
- Negotiation Skills
- Influencing Skills
- Business Writing
- Presentation Skills
- Business Performance
- Service Dept Message Pads
- Inventory Control (Parts Net)
- Productivity (Service Net)
- Maintenance Leadership Training
- Six Sigma Green Belt Training

CBT Hours

0-100

BUSINESS SKILLS (1 to 8 hours per module)

Customer Service

- Focus on Customers
- Communicate Effectively

Business Performance

- Work Efficiently
- Promote High Standards
- Drive Process Improvement
- Achieve Results
- Time Management

COMMERCIAL SKILLS(1 to 8 hours per module)

- Truck Terminology
- Basic Electricity
- Diesel Engine Intro
- Brake Systems Intro
- Electricity/Electronics Intro
- Drivetrain/Drivelines Intro
- Suspension/Steering Intro
- HVAC & Fuel Injection
- Advanced suspension/Steering
- Advanced Drivetrain
- Advanced Brake Systems
- Advanced Electricity/Electronics
- Advanced Computer Diagnostics

*An excel list will be provided to ETP with titles and standard times per module. The list includes codes which will correspond to the CBT topics listed above.

Note: Reimbursement for training is capped at 200 total training hours per trainee regardless of delivery method. CBT will be capped at 50% of total training hours per trainee.

TEAMSTERS AUTOMOTIVE, INDUSTRIAL AND ALLIED WORKERS LOCAL UNION No. 495

R.M. "BOB" LENNOX
Secretary-Treasurer

RIGOBERTO "RIGO" TIRADO
President



November 3, 2011

State of California
Employment Training Panel
1100 J. Street, 4th Floor
Sacramento, CA 95814

RE: Penske Program Funding

To Whom It May Concern:

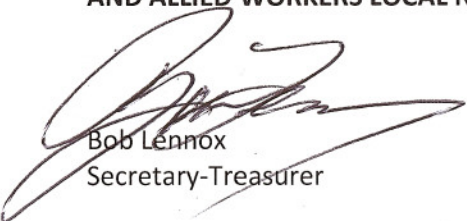
Penske Truck Leasing is preparing an application to the State of California Employment Training Panel for funding of a mechanics training program. On behalf of International Brotherhood of Teamsters, Western Region Master Agreement, covering Teamsters California Locals 150, 481, 495, 665 and 853, we want to convey our wholehearted support for this training grant and urge your approval of the application for funding this program.

The training outlined in the grant proposal has been reviewed jointly by labor and management and will greatly assist in developing new skills to advance and enhance the current skill sets of the Penske workforce.

Thank you for your thoughtful consideration to this matter.

Sincerely,

**TEAMSTERS AUTOMOTIVE, INDUSTRIAL
AND ALLIED WORKERS LOCAL NO. 495**



Bob Lennox
Secretary-Treasurer

BL:pl

cc: Jim Tobin, Local 150
Victor Torres, Local 481
Ernie Yates, Local 665
Rome Aloise, Local 853
Ed Rendon, Joint Council 42

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E-mail: office@teamsters495.org • Website: www.teamsters495.org



MACHINISTS AUTOMOTIVE TRADES

DISTRICT LODGE No. 190

7717 Oakport Street, Oakland, CA 94621 (510) 632-3661 Fax (510) 632-4171

JAMES H. BENO, Directing Business Representative

November 17, 2011

State of California
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, California 95814

Re: Penske Program Funding

Gentlemen:

Penske Truck Leasing is preparing an application to the State of California Employment Training Panel for funding of a mechanics training program. District Lodge 190 and our affiliated Local Lodges 1101, 1414, 1546 and 2182 have collective bargaining agreements with Penske Truck Leasing covering the employees who will be trained under the Company's proposal to the Employment Training Panel. We wish to convey our wholehearted support for this training grant and urge your approval of the application for funding of this program.

The training outlined in the grant proposal has been reviewed jointly by labor and management and will greatly assist in developing new skills to advance and enhance the current skill sets of the Penske workforce.

Again, we urge your support and funding of this worthwhile program. Thank you for your attention to this matter.

Sincerely,

James H. Beno
Directing Business Representative
District Lodge 190
International Association of
Machinists & Aerospace Workers

cc: Brandon, 1414
Crosatto, 1546
Martin, 2182
Schwartz, 1101
Thientran Bach, Penske